

Department of Justice

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NEW JERSEY MAN PLEADS GUILTY TO RACKETEERING, MONEY LAUNDERING, AND ANTITRUST VIOLATIONS IN CONNECTION WITH TOMATO INDUSTRY PROBE

Randall Rahal Engaged in Various Acts of Bribery, Honest Services and Mail Fraud, and Violations of the Sherman Antitrust Act

SACRAMENTO, Calif.—United States Attorney McGregor W. Scott and Acting Assistant Attorney General Deborah A. Garza for the Department of Justice's Antitrust Division, announced today that RANDALL LEE RAHAL, 59, of Ramsey, N.J., pleaded guilty this morning before United States District Judge Lawrence K. Karlton to participating in conspiracies involving racketeering, price fixing, bid rigging and contract allocation, and money laundering in the processed tomato industry. RAHAL also agreed to forfeit to the government over \$600,000 in illicit funds, and to cooperate in the government's ongoing investigation.

This case is the product of a joint investigation by the Federal Bureau of Investigation, the Internal Revenue Service, Criminal Investigation, and the United States Department of Justice's Antitrust Division.

According to Assistant United States Attorneys Benjamin B. Wagner, Sean C. Flynn and Anne E. Pings, who are prosecuting the case together with Richard Cohen and Barbara Nelson of the San Francisco Field Office of the Antitrust Division, RAHAL was the owner and president of Intramark USA Inc., a New Jersey-based wholesaler of food ingredients, including processed tomato products. Through Intramark, RAHAL served as a sales broker for SK Foods, L.P., a California-based grower and processor of tomato products and other food products for sale to various food product manufacturers, food service distributors and marketers and retail outlets nationwide. In that capacity, RAHAL oversaw the negotiation and execution of contracts between SK Foods and many of its customer companies, and served as an advisor and director for SK Foods.

Specifically, in court documents filed today, RAHAL admitted that SK Foods and its related corporate entities constituted a racketeering enterprise, an organization that RAHAL and other SK Foods leaders and employees helped to further through a variety of illicit activities. RAHAL admitted to routinely paying bribes on behalf of SK Foods to the purchasing agents of many of SK Foods' customers in order to accomplish the following: ensure that its customers bought product from SK Foods rather than from its competitors; ensure that its customers paid an inflated price for such product; and induce the purchasing agents to turn over to SK Foods the bidding information of SK Foods' competitors. RAHAL's bribe payments were made with the

knowledge, and in some instances at the direction, of certain leaders of SK Foods. These acts of mail and wire fraud deprived SK Foods' customers of their respective rights to the honest services of their own purchasing agents. The money laundering charges against RAHAL also stem from these illicit bribery payments.

RAHAL also admitted also to having assisted SK Foods in knowingly selling processed tomato product to a customer that did not meet customer specifications, and falsifying both internal documentation, and customer-bound product labels, quality control documents, bills of lading, and "Certificates of Analysis," in order to make it appear as if the processed tomato product shipped to customers was compliant with contract requirements.

Finally, RAHAL admitted to his role in a conspiracy between SK Foods and others in the processed tomatoes industry to fix prices, allocate contracts, and rig bids for processed tomato products, including tomato paste and diced tomatoes, between February 2006 and April 2008, in violation of the Sherman Antitrust Act.

Sentencing is scheduled for March 3, 2009. The maximum statutory penalty on the racketeering charges is 20 years in prison, while the money laundering charges carry a 10-year maximum sentence. The charges for violating the Sherman Antitrust Act carry a maximum penalty of 10 years in prison. The actual sentence, however, will be determined at the discretion of the court, after consideration of the Federal Sentencing Guidelines, which take into account a number of variables and any applicable statutory sentencing factors.

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